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ABSTRACT

A proposed California community college long-term finance plan is presented, which outlines finance principles in the areas of accountability, resources, sources of support, and support techniques. A planning and accountability process is proposed to meet existing state-level concerns for accountability while maintaining local decision-making and providing districts with a useful planning tool. It is proposed that use of tuition be rejected and that existing fees be maintained, but adjusted for individuals' ability to pay. Other major recommendations include (1) liberalization of restrictions on the interdistrict attendance of students; (2) extending the results of the flexible calendar pilot to all districts; and (3) revising the timing of budget planning so that it fits more effectively with legal requirements for hiring and layoff of staff. Appendices contain a list of finance task force and study group members, a general description of the various components of the planning and accountability process, recommendations for calendar and course scheduling, discussion of optimum college size, and reviews of interdistrict attendance and student fees. (Author/MB)

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COMMUNITY COLLEGE LONG-TERM FINANCE PLAN

Chuck McIntyre
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AGENDA ITEM 1

BOARD OF GOVERNORS
Of The
CALIFORNIA COMMUNITY COLLEGES

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April 26, 1979

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Meeting of the Board of Governors of the
California Community Colleges

Thursday, April 26, 1979

Pilots/Captains Room - Holiday Inn at the Airport
Los Angeles, CA

Thursday, April 26, 7:00 p.m.

Call to Order

Approval of Minutes of February 22-23, 1979 Meeting

Approval of Minutes of March 22, 1979 Special Meeting

Item 1

COMMUNITY COLLEGE LONG-TERM FINANCE PLAN

This item presents a set of long-term finance principles
in the areas of (a) accountability, (b) resources,
(c) sources of support, and (d) support techniques.

Recommended action: The Board should adopt the long-
term finance principles recommended in this item.

Board of Governors
California Community Colleges
April 26-27, 1979

Item 1

Title: Community College Long-Term Finance Plan

Staff presentation: Chuck McIntyre
Director of Analytical Studies

Summary

1. This item presents for Board adoption a set of long-term finance principles in the areas of (a) accountability, (b) resources, (c) sources of support, and (d) support techniques.
2. Staff will draft legislation based on the Board's action and continue work on technical details along with remaining policy issues. It is hoped that a long-term bill will be passed and signed by early 1980.
3. A planning and accountability process is proposed to meet existing state-level concerns for accountability while maintaining local decision-making and providing districts with a useful planning tool.
4. It is proposed that use of tuition be rejected and that existing fees be maintained, but adjusted for individuals' ability-to-pay.
5. Other major recommendations include (a) liberalization of restrictions on the interdistrict attendance of students, (b) extending the results of the flexible calendar pilot to all districts, and (c) revising the timing of budget planning so that it fits more effectively with legal requirements for hiring and layoff of staff.
6. Other components of the long-term finance plan are scheduled for Board consideration in June. Further work is necessary in the areas of capital outlay and interinstitutional coordination. Consideration of the level of support must await legislative action this spring on funding for 1979-80 and, therefore, is scheduled for the Board's June agenda.

Recommended action

The Board should adopt the long-term finance principles recommended in this item.

CALIFORNIA COMMUNITY COLLEGES

LONG-TERM FINANCE PLAN

In February, the Board of Governors adopted that portion of its long-term finance plan dealing primarily with philosophy and the sources and techniques of distributing financial support to community college districts. It is suggested that the Board proceed to consider and adopt other aspects of the long-term plan according to the following schedule:

February	April	June
(1) mission, goals and priorities		
(2) support techniques (operating budget)	(2) support techniques (student workload measures, budget timing)	(2) support techniques (capital outlay)
		(3) level of support
(4) sources of support (operating budget)	(4) sources of support (student charges)	(4) sources of support (capital outlay)
	(5) accountability	
	(6) resources	(6) resources (part-time faculty, STRS, 50% law, district organization)
		(7) interinstitutional coordination

Board action in April would encompass the italicized principles presented below. Other discussion in this item would not necessarily represent Board policy, but rather, supporting arguments and alternatives as perceived by staff. In addition to these arguments, a number of indepth analyses and papers are, or will be available as background.

Staff work continues to be supplemented by work of several contractors along with valuable assistance from the Finance Task Force, study groups, and several review groups. Appendix A contains membership listings of the Task Force and two study groups: one on planning and accountability and the other a newly formed group on capital outlay.

ACCOUNTABILITY

1. Institute a planning and evaluation process that will
 - a. recognize the need for districts to be accountable for statewide educational interests as well as to their local communities;
 - b. provide a reporting technique which permits local districts to anticipate rather than react to emerging educational needs;
 - c. tie budget planning more effectively to staff hiring and layoffs through statutory funding and a planning/accountability process;
 - d. provide a vehicle for state-level budget decisions on the allocation of resources among higher education segments.
2. Incorporate statewide educational interests into district plans through the adoption by the Board of Governors of measurable statewide objectives prior to district plan development.
3. Require each district to submit a plan with annual updates each fall in order to be eligible for state funding. State-level plan review during the fall is accomplished by a Chancellor's Office staff/field review team. Review incorporates components of the plan which relate to state-level objectives (eliminating specific course review and limiting specific program review to high cost and/or limited need curricula).
4. Require each district to describe in the plan all program changes. Those program changes requiring increased funding in a district's base budget will be proposed for inclusion in the Governor's budget (and, therefore, undergo the budget review process) whereas funding for inflation and workload changes in base budgets will be specified by formula in statute.
5. Include in plans the following content:
 - a. prioritized district and college objectives, including reconciliation with state objectives,
 - b. strategies and budgets for attainment of each objective,
 - c. evaluation criteria for each objective,
 - d. evaluation of achievement of prior years' objectives,
 - e. evidence of participation in planning by college representatives and district constituents.
6. Reconcile district/state differences through a positive consultative process, involving both the review team and district personnel. Reconciliation concerns the plan content as it relates to state objectives and the review of past year's practices relative to past year's plan.

The consultative process would involve the following steps:

- a. notify district of problem;
- b. reconcile differences by relating state and local objectives or by altering the district's plans and practices;
- c. determine appropriate corrective actions through combined state and local efforts;
- d. review efforts and results of corrective measures at set points;
- e. consult with local board of trustees about problem.

Where differences are not reconciled or corrective measures are unsuccessful, districts will not be eligible for increased funding for program changes through the budget process.

7. Minimize the impact of the accountability process on state and local resources by:
 - a. making maximum use of existing data and, where possible, eliminating current reporting requirements;
 - b. using staff time available under the Flexible Calendar recommendation to balance the increased workload necessary to prepare the accountability/planning document;
 - c. using a combined Chancellor's Office/field staff review team;
 - d. providing assistance to district in their planning through workshops and the development of planning tools; and
 - e. coordinating the proposed planning process with the voluntary accreditation process in order to avoid imposing a duplicate burden on districts.
8. Change relevant Education Code provisions with implementation of the accountability process:
 - a. incorporate essential Education Code provisions (such as those related to master planning) into the accountability process;
 - b. provide, in the accountability process, for certification of compliance and potential audit by the Chancellor's Office with regards to important Education Code provisions (such as credentialled staff provisions, California residence, admissions);
 - c. eliminate unnecessary Education Code provisions (such as specific course approval, separate approval of summer sessions).

The recommended planning and accountability process combines existing local efforts into a state accountability system by making maximum use of existing data sources (see Appendix B. Furthermore, the process meets existing state concerns for accountability, while maintaining local decision-making and thereby avoiding the need for alternatives such as budget review. Finally, the process changes current reporting requirements to framework that provides a useful planning document to local districts and satisfies compliance requirements as a secondary effect.

Process

The process begins with adoption by the Board of Governors of clearly delineated statewide objectives in December. Besides existing priorities on traditional college functions and certain, categorically funded clientele:

- educationally and economically disadvantaged
- handicapped
- occupationally-oriented

Other objectives in areas such as

- developmental (basic skills) education
- counseling, career guidance, and job placement
- career retraining
- instructional improvement (faculty, curriculum, and teaching methods development; academic standards; etc.)
- student retention
- administrative improvement
- staff development
- affirmative action

could be identified and districts would be expected to reconcile their efforts with such objectives in their plans.

Districts begin plan development in January by reviewing master plan questions, state objectives, existing data, current local objectives, and current local operations. This is performed by college representatives and local constituents such as students, faculty, administrators, trustees and community advisory boards. Districts then develop a list of objectives to address specific problems facing the district, efforts which the district plans to maintain, and state objectives. Districts need not address all master plan questions. The questions are a framework for isolating relevant district objectives. However, districts are responsible for the entire list and are "auditable" in terms of demonstrating why certain areas were not included in the plan.

Districts refine objectives in the spring by developing a priority order and determining the strategy, budget, and evaluation criteria for each objective. New Legislative priorities may be added in June. Finally, an evaluation of the previous year's plan needs to be included in the plan. Plans are completed and adopted by the local board of trustees in September after suitable public discussion.

Each district submits a finished plan to the Chancellor's Office in October. Between that time and the following March, each plan will have been reviewed and reconciled, if necessary, under the auspices of a staff/field review team. The reconciliation process specifically addresses differences between district objectives and state objectives, and prior year's practices relative to the prior year's plan. Plan implementation occurs when the reconciliation process is completed.

Based on submitted data and plan documents, the Chancellor's Office prepares a summary report for other state agencies and the Legislature, extracting program changes that require additional funding (to proceed through budget review), reviewing district practices and problems, and determining new state objectives where appropriate.

Existing Accountability

The state currently requires extensive, but fragmented, data submittals by each district. Most of these submittals are interrelated, but there is little required analysis of the data elements or the relationship between elements. While educational master plans exist in some districts, there is no assurance that all colleges are planning adequately. The proposal requires all districts to develop their accountability document through a master planning system and, thus, provides the state with necessary data and assurance of local planning.

All forms of accountability are important, including those dealing with college resources, activities and outcomes. Adequate planning must address all these concerns. While some form of local accountability exists, there is no systematic accountability process throughout the state. Any process which dilutes local accountability violates one of accountability's intended purposes. The proposal not only maintains but strengthens local accountability by providing the required structure and broad constituent participation.

External agencies need evidence that colleges are concerned with accountability and are planning adequately. This concern by external agencies combined with the absence of a systematic statewide accountability system has resulted in a number of alternative long-term finance proposals by other agencies. The process recommended by staff assures the state that districts are making adequate efforts to accomplish state objectives, while avoiding the unnecessary and disruptive centralization of these alternative proposals.

Local and State Use

The proposed process not only satisfies accountability concerns, but also addresses two other needs. First, the process changes reporting requirements from acts of compliance to useful local decisionmaking processes. While the state cannot mandate useful local decisionmaking and districts may perceive the proposal solely as an act of compliance, the intent is to provide a framework that is useful to districts and satisfies compliance requirements as a by-product. Second, the process should meet the concerns of other state agencies. The annual plan will detail all program changes anticipated by the district. These program changes which require increased funding will be amalgamated and proceed through a budget review process. Therefore, the state can identify, review, and control all new funding through the program change component of the accountability process. The proposed process provides a vehicle for identifying common problems and the need for new state objectives.

The process requires districts to undertake a comprehensive planning process oriented to local problems and variations as well as state objectives. Therefore, while the master plan questions appear lengthy, districts will only respond in the areas related to their circumstances. The product is then a working document for local districts.

Reconciliation

In cases where district objectives or practices are at variance with statewide objectives, a series of positive steps are taken to correct the problem. Only after these cooperative actions, involving the state and local district, are taken and prove unsuccessful would sanctions be imposed. The first sanction involves public consultation with the district board. If all efforts prove unsuccessful, the district would become ineligible for any program change funding increases. This would have the impact of denying a district funding for a significant new program while, at the same time, existing programs are deficient. Statutory funding for workload and inflation would continue. Consequently, students wouldn't be penalized by a loss of existing district funds. It is expected that most district plans will be consistent with statewide objectives and that the reconciliation process would be necessary in a limited number of cases; a "management by exception" process.

Basic Objectives of Proposal

The process proposed by staff seeks to provide the requisite accountability without resorting to heavy use of categorical funding or state-level budget review of district budgets. While districts require budget flexibility to be effective, a return to pre-Proposition 13 methods is neither feasible nor desirable. Accountability should be shared between state and local authorities.

The proposed process relies on relatively stable statutory funding of district workload and inflation together with budget review of added funding needed for district program changes. These funding changes, together with the planned activities and performance of colleges generally, can be reviewed during budget act development in the context of public higher education, education generally, or the entire California public sector.

District boards need budget flexibility if they are to continue to be community-oriented, become more cost-effective (as they must with scarce funding), and set priorities effectively. This includes flexibility to allocate funds among competing local uses and to plan and manage college operations. This can be accomplished in part by removing many existing legal constraints on the use of college resources together with a major change in college accountability from emphasis on short-term efforts to emphasis on long-term planning and results.

Alternatives

A number of alternative long-term fiscal support techniques for community colleges are being proposed and considered by the Legislature. These alternatives range all the way from line item budget review of seventy district budgets at the state level to relatively inflexible statutory formulas of the sort that existed prior to Proposition 13.

The major differences among alternative proposals concern whether fiscal policy is contained in statute or in the annual budget act, the character of funding formulas, the level of district budget detail examined at the state level, and in general, the means by which districts are accountable to state and local taxpayers.

Budget Act Negotiation

Negotiating seventy community college district budgets at the state level in a fashion like CSUC, for example, would be costly, preclude local flexibility, and narrow policy considerations to just those that relate to highly detailed fiscal proposals. No other large states use negotiated budgets. Virginia, with twenty-three college budgets and less than 150,000 students, is the largest state to use a negotiated budget technique and even they must resort to a number of standard formulas.

Standard Budget Act Formulas

Another alternative involves the review and determination, during the annual budget process, of certain standard formulas for community college funding. Use of standard formulas such as statewide salary schedules (and, presumably, statewide collective bargaining), student: faculty: administrator ratios, and minimum class size restrictions does not provide the flexibility needed by local boards if they are to set priorities based upon the unique and differing educational needs in their communities. Such formulas are much too uniform and arbitrary to accommodate the multitude of situations and communities represented in 70 districts, 106 colleges, and nearly 3,000 outreach centers throughout California.

Fixed Budget Act Appropriation

A fixed, aggregate appropriation set at the state level for allocation among districts, is inequitable and sets a major policy precedent. If one or several districts require increased funding during the course of a fiscal year, other districts lose funds. The budget of one district should be a function of its own needs, not a function also of the needs of 69 other districts whose circumstances may be totally unrelated.

More important, the aggregate budget or fixed appropriation leads to the need for statewide control of community college enrollments and, therefore, a departure from the existing policy of open admissions. State control of college enrollments would deny access and negate a fundamental philosophy of California Community Colleges: that of equal educational opportunity.

Budget Act Timing

Use of the budget act to determine all community college expenditures is too uncertain and occurs too late for districts to effectively bargain, meet certain other requirements such as staff layoff notices, and to plan budgets generally. Adoption of the budget act, typically in June of each year, occurs three months after March 15th when districts must notify full-time certificated faculty they are not to be rehired for the budget year. The layoff notification date is appropriate. Therefore, the solution is to provide districts with a relatively certain picture of their budget year revenues prior to the notification date. Use of the budget act prevents this.

Scope of Review

Determining community college district needs, for workload changes and inflation, by statutory formulas, provides a broader policy review of major fiscal changes than does the annual budget process. The limited context of just public higher education in some budget subcommittees seems too narrow to encompass the variety of concerns of other agencies and institutions that relate to community college education.

Uniqueness

The fiscal process should recognize differences in governance and mission between community colleges and the University of California (UC) and California State University and Colleges (CSUC), on the one hand, and public elementary and secondary schools (K-12) on the other hand. In this regard, comprehensive community colleges are a unique postsecondary educational institution encompassing more than just lower division transfer instruction, the area of overlap with UC and CSUC. Community colleges also offer occupational, developmental, general, and community education. Community Colleges are managed by locally-elected boards in a fashion similar to K-12. This is not the case for either UC or CSUC, all of whose campuses are responsible to a central statewide board.

RESOURCES

1. *Maintain local collective bargaining.*
2. *Support legislation that allows districts to take into account the impact on affirmative action programs as well as seniority when making staff reductions or reassignments.*
3. *Eliminate restrictions on calendar and course scheduling by implementing, at district discretion, the successful features of the "flexible calendar pilot":*
 - a. *retain 175-day academic year, but with 160-day instructional year maximum
(ensure that no monetary gain or loss results from this policy change)*
 - b. *base student census on course length, rather than term length*
 - c. *provide for variable length terms within the academic calendar, rather than the equivalent length terms as at present*
 - d. *encourage year-round operation, including summer session.*
4. *Support the proposed accountability process and expand development of staff, curriculum, and instructional techniques in part by implementing the change of instructional year minimum from 175 to 160 days.*
5. *Review and modify restrictions on individualized instruction, consistent with new support techniques.*
6. *Encourage use by districts of*
 - a. *small outreach centers to deliver education,*
 - b. *existing community resources,*
 - c. *instructional techniques such as television, computers, and other media, where such techniques maintain or enhance the quality of traditional classroom lecture and laboratory instruction.*
7. *Liberalize restrictions on interdistrict attendance of students by*
 - a. *permitting students to attend the college and district of their choice, subject to available facilities and affording admissions priority to district residents,*
 - b. *adjusting districts' base budgets to reflect the net local fund ("tuition") transfer involved,*

- c. *implementing these policies within a reasonable phase-in period, taking steps to insure that all colleges are capable of providing a comprehensive program.*

Among the Board of Governors' goals are those calling for

- effective use of human and physical resources
- fostering of staff excellence
- preservation of academic freedom
- extensive use of community resources
- policies that encourage innovative and creative developments.

Crucial to the achievement of these goals is strong local decisionmaking. This is fostered by minimizing the state-level constraints on the way in which colleges plan, manage, and schedule their resources. This section of the long-term finance plan deals with human resources. Except for this month's discussion of optimum college size, physical resources will be analyzed at the time capital outlay planning and financing is considered by the Board in June.

Decisions on staff hiring and compensation along with selection of methods for delivering instruction and support services should continue to be made locally. The finance plan should modify existing policies, where necessary, in order to allow districts to achieve more effective development, utilization, and maintenance of existing and future community college resources.

Staffing

Effective allocation of scarce funds for staff can be enhanced by removal of many existing constraints in the Education Code. Such constraints frequently deal with staff utilization and compensation. Matters of this kind are appropriately determined by local collective bargaining. Once the bargaining process is fully implemented in community colleges, arbitrary statewide legal constraints should be removed.

An example of such constraints is the "fifty percent law" which requires that at least half of the current college cost of education be devoted to the salaries of instructors. The original intent of this law was to ensure that an adequate proportion of college resources be allocated to instruction. There are indications that the law may constrain instructional innovation by excluding certain student service and library personnel. Requirements of this law are becoming increasingly difficult to meet since it fails to recognize fixed costs. The exemption process is cumbersome and existing sanctions do not appear effective in correcting violations. Solutions to these problems are being studied and will be discussed with the Board in June.

Layoffs

Full-time certificated staff must be first notified by March 15th with a final decision on May 15th if they're not to be rehired for the following academic year. Nearly all districts face difficulties with the layoff deadlines this spring since funding levels for 1979-80 will not be known until June. Even with normal funding in the future, some districts will decline in enrollment and face layoff decisions.

The March and May deadlines appear to be appropriate. Therefore, the support technique incorporated in the long-term plan proposes a statutory funding formula in which a district's funding for workload change and inflation, the bulk of its budget, are known for the most part by that March preceeding the fiscal year for which budget planning is underway.

Part-time Faculty

It's estimated that community college part-time faculty exceeded full-time faculty by a ratio of about two to one prior to Proposition 13. Due to budget cutbacks, nearly 7,000 or one-fourth of the part-time faculty were not rehired this past fall. Even so, there are still about 23,000 part-time and 15,000 full-time faculty teaching in California Community Colleges at present.

The status of part-time faculty is unclear. Appropriate sections of the Education Code are subject to varied interpretations and several recent court rulings have added to the confusion. There are differing opinions about the proportional compensation which part-time faculty should receive compared to that received by full-time faculty. While collective bargaining may resolve this problem at the local level, there is still discussion of state-mandated prorata pay. Another issue concerns the practice of having some full-time faculty teach also part-time on an overload basis.

Present Board of Governors' policy advocates equal pay for equal work and a limit on the amount of instruction that any district may offer using part-time faculty.

A pending law suit deals with the granting of tenure, due process, and prorata pay for faculty teaching part-time without permanent contracts in community colleges. The court may rule, for example, that many part-time faculty are subject to the same layoff procedures as those described above. If the court also rules that part-time faculty should be paid for work performed at a rate equivalent to that for contract staff, the added cost of faculty compensation would increase significantly estimates of needed fiscal support.

This potential added support should be considered when analyzing the total level of support required by community colleges over the long-term. Therefore, the part-time issue is scheduled for Board discussion in June after further budget deliberations on short-term, 1979-80 support, the May revision of future revenue estimates by the Department of Finance and, hopefully, after the court decision on part-timers has been rendered.

Salary Freeze

Another added cost for staff has to do with this year's "salary freeze." This action created a gap in staff compensation which puts colleges at a competitive disadvantage with respect to other private and, in some cases, public agencies when bidding for competent staff. Already, there are reported cases of staff shifting from colleges to other agencies. If funds are not provided to assist all districts in closing the gap this year, future finance policies will need to continue to address this problem.

STRS

Still another potential future cost has to do with funding necessary to make State Teachers' Retirement System (STRS) actuarially sound. There are indications that the STRS is underfunded, partly due to contribution rates and also due to the number of retirements that will occur during the next two decades as a result of the rapid growth during the 1950's and 1960's. This problem also is undergoing study with discussion scheduled for the June Board meeting.

Staff Development

Moderate increases or decreases in enrollment mean moderate additions or decreases in staff. This, together with expansions of new techniques, learning systems and subject areas, will result in the need to devote relatively more college resources to staff development and retraining in the future. This need can be met in part by the more flexible college calendar now undergoing pilot test. This calendar provides time for concentrated efforts at staff development, affirmative action, and other staff-related activities that may be reduced due to inadequate funding.

Affirmative Action

In 1977, the Board of Governors adopted regulations requiring districts to adopt affirmative action policies and plans. One year later, the Board supported legislation which effectively codified the Board's earlier regulations. Following Proposition 13, the Board expressed concern about impending district staff layoffs and the possible impact on recent gains in affirmative action hiring of college staff.

Recently, districts responded to a "Proposition 13 impact" survey about staff affirmative action. Sixty-six of the 67 responding report they implemented an affirmative action plan prior to June 6, 1978. Only 3 of these 66 indicate they have not maintained affirmative action efforts since June 6, 1978.

Thirty-one responding districts indicate that Proposition 13 has had no visible impact to date on their affirmative action program. The remaining 36 districts describe various impacts. Sixteen districts noted a freeze

on hiring and board decisions to restrict or limit creation of new positions, causing an overall reduction in staff turnover, and preventing new hirings and opportunities for improving the district ethnic and sex balance. Seven districts report that Proposition 13 resulted in some budget and position cuts in the affirmative action programs. Three districts report recent layoffs for which no rehiring was made and which reduced the ethnic and sex balance, since the "last hired is the first fired." Three other districts indicate that recent attrition helped the district improve its ethnic and sex balance even with no rehiring since the most likely retirees are white males. Two other districts note that the greatest impact occurred among classified staff and part-time instructors since few layoffs occurred within the ranks of certificated and full-time people.

Due to Proposition 13, community college staff were reduced by nearly 10,000 from the 72,000 employed prior to June 1978. Nearly 7,000 of these layoffs were among part-time faculty. Another 1,000 each occurred in the full-time and part-time classified categories. Efforts are underway to determine the racial, ethnic, and sex distribution of those staff who were not rehired.

Calendar and Course Scheduling

Flexible scheduling serves several purposes. Student mobility between college and secondary and postsecondary education institutions and the labor market is facilitated. Programs may be designed on the basis of student need and subject content. There is increased opportunity to smooth peak times of student course demand. More time can be made available for such instructional-related activities as counseling and guidance, staff development, affirmative action, curriculum development, and general college planning and evaluation.

California Community Colleges are the last group of postsecondary institutions in the nation to rely primarily upon a traditional calendar where the fall semester extends beyond Christmas and classroom instruction takes place over 35, rather than the usual 32 weeks. Special legislation has allowed several pilot districts to operate different calendars for the past three years. However, general efforts at flexible scheduling are made impossible by existing legal constraints. Colleges cannot undertake nontraditional scheduling with assurance of sufficient resources until outmoded Education Code provisions for (a) length and arrangement of calendar and (b) counting student workload are revised. The pilot experience should be expanded to all districts in the long-term finance plan.

Successful components of the pilot experience include (a) maintaining the 175-day academic year, but reducing the minimum number of days for instruction and examination to 160 and thereby allowing time for valuable developmental activities, (b) relating student census times to length of course rather than to length of term, and (c) encouraging productive variation in calendars and course scheduling. These recommendations would be permissive; that is, districts would be free to choose those calendars that best suited their situations. (See details in Appendix C.)

Evaluation of the pilot project supports the proposed statewide expansion. Participating students are overwhelmingly in favor of the calendars adopted by the pilot districts. Nine of every 10 students surveyed during the first 2 years of the pilot project agree that a major benefit results from eliminating the unproductive period following Christmas break that is necessary under present Education Code provisions. Faculty response is similar and 95% of administrators surveyed feel the pre-Christmas ending date is a positive feature of the program.

Reducing the calendar for instruction from 175 days to 160 days does not interfere with course content or with the quality of instruction. More than four-fifths of the students indicate they are able to complete course requirements without difficulty. While some faculty in science disciplines and certain occupational areas felt time constraints, four of five faculty agree that course content can be covered adequately. The same number of faculty feel that instructional quality remains high.

Student achievement in pilot colleges compares favorably to past performance and to that of students in similar colleges. Nine of ten faculty in the pilot colleges report no reduction in achievement by students. Data on historical grade distribution reveals no significant difference between grades in pilot colleges and grades in similar colleges.

The flexible calendar improves student articulation relative to four-year institutions. The reduced fall term allows mid-year transfers to quarter calendar colleges and universities to complete two quarters at the transfer institution during that year. Under the traditional semester calendar, only one quarter may be completed by mid-year transfers. Students also indicate they feel better prepared to complete the shorter courses offered at four-year institutions.

One of the major objectives of the flexible calendar pilot project was to provide time for staff and curriculum development not readily available under existing statutes. Both faculty and administrators agree that objective was accomplished. Seven of every ten faculty members feel staff development time formerly not available to them was provided by the new calendars.

Faculty involvement in planning and implementation of noninstructional day activities increased in the second year of the pilot. The innovative aspects of staff development appear to increase as staff recognize the potential benefits. Utilization of student services increase as both staff and students have non-instructional time blocks available.

Developmental activities range from instructional intersessions to in-depth research of course subject matter. All of the pilot colleges offer staff development workshops. Seminars on the nontraditional student, cultural awareness, sex stereotyping, lifelong learning concepts and the college role in the community are presented. Faculty train to increase teaching skills and update modes of instruction. Opportunities are made available for participation by staff in institutional review and planning. Most individual projects addressed curriculum review, update and revision. Faculty prefer individual development projects but agree that both department/division and collegewide activities are also of benefit.

Facilities

Passage of Proposition 13 eliminated the local tax that enabled districts to match state appropriations to fund facilities under the Community College Construction Act. In recent years, the Legislature has appropriated only a portion of the state funding justified by the physical plant utilization standards that implement the Construction Act. The Department of Finance relies on project priorities that have been at variance with those used by the Board of Governors and Chancellor's Office.

The Construction Act emphasizes new construction on college campuses. California demographics suggest there will be relatively less need for construction of new community college facilities during the 1980's. Increasingly, funding is needed for plant maintenance, remodeling or alterations, and lease or rental of temporary facilities off-campus.

It is clear that the Construction Act needs to be rewritten and sources of capital outlay support secured. These problems are being addressed by staff with the help of college capital planners. Proposed solutions will be discussed at the June meeting of the Board.

Individualized Instruction

Finance policies should encourage districts, where appropriate, to supplement the traditional classroom lecture-laboratory instructional mode with greater use of individualized instruction and technologies such as television, radio, computers, newspapers and other media where such methods can be shown to lower costs while maintaining or enhancing the quality of instruction.

The long-term plan recommends new support techniques for individualized instruction. In some cases, such as self-paced mastery learning, more than the usual contact between students and faculty may be required for each unit of credit. In other cases, such as television, computerized instruction, or independent instructional packages, there is less than the traditional amount of contact per credit. While recent legislation did remove the need for an instructor to be immediately present, other stipulations and regulations pose constraints on the use and expansion of individualized instructional efforts. Further work is needed to identify those remaining constraints that may be removed consistent with other accountability measures proposed in the long-term plan.

College Size

Community colleges should be at least of a minimum size sufficient to provide adequate quality and diversity in their programs and services at a reasonable cost. However, at some point in a college's growth, further diversity is unnecessary, further growth may detract from quality, and size (and possibly location) restricts the college's accessibility.

Costs per student decline as a college grows (economies of scale). At some point, due to course sectioning and staff and facility duplication, costs per student stabilize and may even increase once the college grows beyond a certain enrollment (diseconomies of scale). (See Appendix D for review of these factors.)

There is probably an "optimum range" of enrollments within which community colleges should operate, noting special local circumstances and giving full consideration to all feasible ways of providing educational services. Small colleges are needed to afford access to special populations such as the geographically isolated. Extra financial support is required if these colleges are to offer quality programs that are sufficiently diverse as to meet the needs of their students. An upper limit to college size is difficult to determine. It's doubtful, however, that as a general rule, community colleges should be planned to exceed 15,000 to 20,000 headcount enrollment. Where circumstances require larger institutions, steps need to be taken to organize, finance, and design instruction and supporting services so that quality does not decline and student access is not impeded.

In general, California Community Colleges may be too large. As a result of growth and policy, they now average 10,000 enrollment per college, twice the size of the typical community college elsewhere in the nation. This past fall, one-fourth of California's Community Colleges exceeded 15,000 headcount enrollment; twelve were over 20,000.

Long-term finance policies should encourage the use, by districts, of generally smaller units, such as outreach centers, located so as to enhance student access. It is likely that the program cutbacks resulting from the first year impact of Proposition 13 have curtailed the expansion of such centers. Aside from the obvious cost considerations, care needs to be taken to ensure that students have adequate support services, such as counseling and library materials, available. Use of existing community facilities reduces costs and should also lead to greater cooperation with business, industry and community agencies of all kinds. This is accompanied by better anticipation of changing employment technologies to avoid misallocating college resources and expanded use of work experience and other experiential learning techniques to reduce costly equipment purchases.

Interdistrict Attendance

District residence requirements and the related interdistrict cost contracts detract from student access in certain cases. It is suggested that cost contracts be eliminated, the net payment adjusted in districts' base budgets, and residence restrictions liberalized. While there is logic to the notion of totally-free student flow between districts, the uncertainty of its implementation and the community orientation of the colleges suggest that any changes be phased-in over a reasonable period

of time, that district residents be given admissions preference in cases where college capacity is insufficient to handle demand, and that steps be taken to help those small districts that may lose large numbers of students as a result. (See Appendix F for further discussion of these issues.)

Due largely to Proposition 13 and the block grant method of financing, the number of interdistrict attendance cost agreements has declined by 17 percent, program agreements by 10 percent, and individual permits by 21 percent during this past year. As many as 46 districts report being affected last fall by these reductions. Some restrictions on the interdistrict flow of students have resulted. In general, however, the termination of interdistrict agreements does not appear to have altered significantly interdistrict enrollments statewide. In 1977-78, more than 43,000 ADA students statewide were involved in interdistrict attendance. This attendance declined by 6 percent to 41,000 ADA during fall 1978, a decline smaller than the 9 percent in total student population.

The Chancellor's Office recently met with district personnel and surveyed twenty-six districts known to be experiencing some degree of difficulty with existing interdistrict attendance agreements. Twenty-one districts have responded to questions about (a) their preference between alternative policies of free student flow or guarantee of program and nearest college and (b) the possible impact on their district of changes in student enrollment. Six districts argue for no change at all. Thirteen favor free flow. Only two of the 21 respondents favor allowing students to attend the nearest college. This option is felt to be administratively difficult and still inhibitive of student access.

Estimated enrollment changes range from a 30 percent loss at Mt. San Jacinto to 30 percent increase in students at both Cerritos and Santa Clarita. Other estimated changes include:

Fremont-Newark	(significant loss)
Solano	-12%
Compton	-10%
Los Angeles	- 8%
Antelope Valley	- 3%
Contra Costa	- 2%
San Jose	(probable loss)
Peralta	(negligible increase)
Riverside	(small increase)
South County	+ 1%
Allan Hancock	+ 2%
Santa Monica	+ 4%
Coast	(significant increase)

Five responding districts were unable to estimate the impact of free-flow upon their enrollment.

Free flow of students between districts would enhance access. It also, however, could result in (a) temporary under- or over-utilization of staff and facilities, (b) some ethnic imbalances, (c) a possibly significant loss of students in certain small districts, (d) possible discrepancies between trustee areas and the actual areas of student enrollment, and (e) for some colleges, a change in the "community" served. If a policy of free flow is implemented, steps must be taken to ensure that small districts suffering large enrollment losses can continue to offer comprehensive programs.

District Organization and Governance

Considerable time has been spent by staff and the finance study groups exploring alternatives to the present system of community college governance. The result of these efforts is an alternative model of planning and decisionmaking in which some present responsibilities shift from both state and local bodies to a regional mechanism. While there are merits to the model, it adds another layer of review and may or may not be more cost-effective than the present system. This model needs further review, particularly in view of the possible Board position to liberalize interdistrict attendance.

Another policy option that could be pursued in the long-term plan deals with the incorporation within districts of territories that are presently outside organized districts. This proposal needs review for its impact on student flow and equity of resulting tax subsidies.

SOURCES OF SUPPORT

1. *Reject use of tuition for California residents.*
2. *Maintain existing permissive student fees and*
 - a. *insure that fee revenues are used to support only those services for which the fees are levied,*
 - b. *adjust the charges for those unable to pay.*
3. *Eliminate restrictions on certain fund balances raised from specific permissive property taxes, such as the community services tax, that existed prior to Proposition 13.*

Student Charges

Aside from nominal fees levied upon older part-time students prior to 1976, and those levied for certain noncredit courses at present, California Community Colleges have been tuition-free for California residents. Nonresidents have paid full or nearly full-cost tuition, however.

The distinction between tuition and fees used here is that traditionally used for higher education and defined by Webster, where tuition is "the price of or payment for instruction." Thus, California Community Colleges were truly tuition-free for California residents during the two years prior to Proposition 13, even though state law provides for more than twenty student fees (see Appendix F). Fees charged for noncredit instruction this year should be considered tuition. Charges for job placement would be considered fees. The broad student services fee recommended recently by the Department of Finance should be considered a tuition under any reasonable interpretation due to its scope and possible level.

Tuition

As a practical matter, community colleges could not impose tuition without considering the consequences relative to the University (UC) and State University and Colleges (CSUC). Thus far, both segments have held their charges close to pre-Proposition 13 levels. A unilateral increase in student charges by community colleges would result in many UC and, particularly, CSUC eligibles enrolling directly in lower division at those institutions. The resulting shift in enrollment would disrupt the division of labor that has evolved during the past two decades under the California Master Plan for Higher Education.

Tuition could not feasibly replace those local property tax revenues lost because of Proposition 13. A tuition of nearly \$800 per ADA annually would be required to raise the more-than-\$500 million loss in local tax revenues. This tuition charge would be considerably higher than the approximate student charge at UC (\$700) or at CSUC (\$250). A more "moderate" charge of \$100 per ADA annually would produce less than \$70 million or just 5 percent of community college budgets statewide.

Given the history of the community colleges, it is likely that few states would charge tuition if other sources of funds were available. The community college movement since its inception has emphasized the desirability of a no-tuition policy and other states support that concept. But, facing shortfalls of funds, other states have discovered no alternative but to use tuition as a source of funds. Some areas (such as New York City and Chicago) did not charge tuition until recently. Other state officials indicate that if alternative sources had been available, they would not have charged tuition.

The financial constraints which cause the imposition of tuition do not automatically disappear with its imposition. Most funding problems seem to persist. When no additional funding is forthcoming from alternative sources, further increases in tuition occur. Tuition increases have been repeatedly used to remedy funding problems in those states reviewed by staff in a recent survey.

Tuition is currently used in most states to finance a much greater proportion of college operations than originally intended. A few examples from the states with available data illustrate this point. In Florida, during the last three years for which data are available, tuition revenue has increased by 69%, while nontuition revenue has only increased by 37%, and enrollment has increased by just 23%. In Illinois, during the last two years for which data are available, tuition revenue has increased by 50% while nontuition revenue has increased by 23% and enrollment has increased by 17%. And, in Maryland during the last two years, tuition revenue has increased by 24% while nontuition revenue has increased by 7% and enrollment has increased by 20%.

Empirical studies suggest that a \$100 increase in student tuition typically would result in a decline of enrollment between 1 percent and 3 percent, and that most of the enrollment decline occurs among students with lower incomes. However, virtually all these studies are based upon data for fulltime students in four-year institutions where \$100 represents a much smaller proportionate increase in student costs than it would in most community colleges.

Preliminary findings from staff study of community college student fee charges and enrollment nationwide suggest that a \$100 increase in costs would result in percentage enrollment declines far greater than those found in previous studies. This is to be expected. An increase of \$100 in costs represents nearly a one-third increase in the cost (fees plus transportation) for the typical community college student across the nation. The typical community college student also may be more sensitive to cost increases, for a variety of reasons, than is the younger, typically full-time student in the four-year institution.

In another staff study, now undergoing analysis, a representative sample of Fall 1978 California Community College students were asked to indicate what they would do in the event a tuition of \$4 per semester unit (approximately \$100 per year for a full-time student) were charged. Responses suggest an enrollment decline of at least 17 percent. A number of other students indicate they would either seek financial aid, take fewer units, or attempt to earn more working. Less-than-half of the students indicate the tuition charge would have no effect on them.

Experience this past fall with fees for noncredit courses tends to support these findings. Twenty districts levied fees averaging \$15 per course, although the variation in charges between districts was dramatic. While expected student fee revenues (an estimated \$870,000 statewide) were not significant, the impact upon enrollment in fee-supported classes appears to have been significant. Approximately 2,000 such noncredit courses for which fees could be charged were scheduled to be offered this past fall. Nearly 900 of these were cancelled subsequently because fees were charged and resulting enrollments were insufficient to make the courses self-supporting.

All of these studies are continuing and further results will be made available for the Board's review.

A typical criticism of public funding for higher education is that lower income taxpayers subsidize students from higher income situations and therefore, the redistributive consequences are "regressive." It is argued, therefore, that student tuition with effective financial aids for those unable to pay would result in a more equitable redistribution of opportunities; i.e., actually enhance access. An analysis of California Community Colleges by Weisbrod and Hansen, using data for 1964-65, suggested that those receiving the benefit of college programs were from the same income categories as those who were subsidizing college programs: a "neutral" redistribution. This study has engendered considerable controversy, but its findings, if anything, tend to understate the extent to which high income taxpayers subsidized opportunities for low income students in California Community Colleges during the 1960's.

The advent of significant federal student financial aid and the EOPS program since the 1960's likely have resulted in the present redistribution of community college educational opportunities being more "progressive," that is, those who benefit from community college education are from even lower income categories than those who pay for that education through tax subsidies. If this is the case, the present policy of near zero tuition seems to be serving the Board goal of equal opportunity for access quite well. Staff is currently modifying and updating prior studies to test this significant possibility.

Also of major importance are those financial aids and aid management that would be necessary, if tuition were charged, in order to better achieve the goal of equal opportunity for access. The 1978 Middle Income Student Assistance Act increases the number of individuals eligible for federal Basic Educational Opportunity Grants (BEOG) and guaranteed loans. BEOG's, however, are limited to one-half of any increase in student charges and cannot be provided to part-time students carrying less than a half-time load. Aid is forthcoming only after changes in appropriations and, in the case of campus-based programs, some delay to recalculate the California experience. The ability of state aid programs such as EOPS or Cal Grants to fill in the gap is limited by the amount of funds available and criteria for eligibility. Additional aid would be needed.

Aside from the added financial aid, increasing or maintaining access in the face of tuition would assume that (a) individuals are aware of the available aid, (b) individuals will apply for aid, (c) reasonably accurate financial need determinations can be made, and (d) aid can be distributed in a timely fashion to students. These assumptions all would suggest the need to expand community college financial aid management.

Existing data indicate that the majority of community college students eligible for BEOG's do not in fact apply either because they are unaware or unwilling. Cutbacks in community college financial aid offices have been reported as a consequence of Proposition 13-induced reductions. This also has major implications for financial aid management.

Fees

The Education Code permits community colleges to charge students more than twenty different fees for various kinds of services, ranging from field trips to changes in program. As noted above, the significant new fee this year is the charge for certain noncredit courses, which should probably be termed a tuition. Also, there has been a significant increase in community service class fees. Last year's average of \$10 per class has increased to an average of nearly \$15 per class this year and revenues from this source are expected to increase by more than fifty percent. Other fee increases are described in Appendix F.

Fees represent a cost to students just as tuition would. It is important, therefore, that the ability of individual students to pay these fees be determined. This is particularly important for part-time students who do not have access to compensating financial aids.

All fees are permissive. Districts do not have to charge a fee, but may support a particular service from general revenue if they prefer. However, specific fee revenue should not be used to support services other than those for which the fee is levied.

Restricted Balances

Proposition 13 effectively eliminated a number of permissive local property taxes whose revenues were restricted to specific college programs and activities such as community services. While the specific taxes are eliminated, balances remaining from prior years are still restricted to these specific purposes. In some cases, these purposes may not rank high among current priorities and could be put to better use elsewhere in a district. Existing legal restrictions on the use of these balances should be removed.

SUPPORT TECHNIQUES

1. *Eliminate average daily attendance (ADA) but, retain the classroom contact hour as the basis for funding changes in instructional workload, and*
 - a. *utilize periodic course census counts, rather than positive attendance, in noncredit and short-term credit courses,*
 - b. *eliminate the standard discount for non-attendance in credit courses.*
 - c. *adjust the marginal support rates to ensure that no monetary gain or loss results from this nominal change in measuring student workload.*
2. *Base statutory funding for district workload on changes between the past and current year, rather than changes between the current year and budget year, in order to make timing of budget planning consistent with staff hiring and layoff requirements.*

Attendance

Use of average daily attendance (ADA) by community college districts is a holdover from an earlier K-14 system of school finance. In that system, attendance is taken daily during 175 regular school days, a concept which relies on physical presence or excused absences and is clearly not relevant for postsecondary education.

Community Colleges do use two census counts of active enrollment to calculate ADA in term-length credit classes. However, legal requirements that attendance be taken at each class meeting in noncredit and short-term credit classes continue and do not represent a productive use of faculty time.

The average of two counts should be utilized for all credit courses. More than two (but less than every meeting) counts may be preferable in noncredit courses due to their open entry-open exit nature. In many of these courses individual students may complete stipulated objectives at different times, and there may be seasonal fluctuation in enrollment as well.

The proposed census counts and elimination of the artificial discount factor of about 9 percent for "unexcused absences" would shift community colleges away from the notion of ADA. The Board of Governors has proposed continued use of a classroom contact hour to measure and fund student instructional workload. This measure can be derived by census and be the basis for any measure of "full-time-equivalency" that may be needed. These proposals will result in changes in calculated contact hours even though actual workload is not changed. Consequently, marginal support rates will need compensating adjustment in order to avoid unwarranted gains or losses in district budgets.

Timing of Measure for Workload Change

Prior to Proposition 13 and block grant funding, changes in community college budgets for enrollment changes were calculated and paid on an actual basis. That is, for example, the 1977-78 state apportionment for a district was based upon its 1977-78 ADA. This system of measuring workload changes makes it impossible to plan budgets effectively and impossible also to deal effectively with legal requirements for staff hiring and layoff decisions, particularly in a district with declining enrollments.

Full-time certificated staff must be first notified by March 15th with a final decision by May 15th if they're not to be rehired for the following academic year. Nearly all districts face difficulties with the layoff deadlines this spring since funding levels for 1979-80 will not be known until June. Future enrollment declines in some districts and the need to face layoff decisions will be just as difficult if there is a return to the "pre-13" technique of measuring student workload changes.

The March and May deadlines for layoff notification should be maintained. Therefore, the support technique proposes a formula in which a district's funding for workload, the bulk of its budget, is known for the most part by that March preceeding the fiscal year for which budget planning is underway. This can be accomplished by measuring workload changes (for funding) between the past and current years, rather than between the current and budget years. Under this proposal, for example, a district's 1980-81 funding for workload change would be based on the change

between	1978-79 and 1979-80
<u>not</u> between	1979-80 and 1980-81

Thus, when planning for 1980-81, a district would already know its Fall 1979 enrollment experience, have some idea of any spring 1980 changes, and, therefore, be confident of the bulk of its 1980-81 fiscal support by January and February of 1980. District budget planners would be in a position to make much more informed and equitable decisions about any necessary staff layoff notices under the proposed schedule than is possible under the present schedule.

APPENDICES

- APPENDIX A: Finance Task Force
 - Study Group on Planning and Accountability
 - Study Group on Capital Outlay Planning and Finance
- APPENDIX B: Planning and Accountability
- APPENDIX C: Calendar and Course Scheduling
- APPENDIX D: Community College Size
- APPENDIX E: Interdistrict Attendance
- APPENDIX F: Student Fees and Charges

APPENDIX A

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April 1979

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APPENDIX A (continued)

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APPENDIX B
PLANNING AND ACCOUNTABILITY

The following is a general description of the various components of the proposed process for community college planning and accountability. The process was developed in order to combine existing local efforts into a state accountability system by making maximum use of existing data sources. Also, the process attempts to meet existing state concerns while maintaining local decisionmaking and thereby avoiding the impact of alternatives such as budget review. Finally, the process attempts to change current reporting requirements to a framework that provides a useful planning document to local districts and satisfies compliance requirements as a secondary effect.

A. *State/Local Relationship*

1. In December of each year, the Board of Governors adopts clearly-delineated state objectives to be incorporated into district plans.
2. In October of the following year, districts submit a "finished" plan to the Chancellor's Office. At some point during the nine-month period between steps one and two, required data must be submitted to the Chancellor's Office.
3. Between October and March, reconciliation of district/state differences occurs. Reconciliation addresses two types of potential differences: (a) failure of submitted plan to address state objectives, and (b) review of past year's practices relative to past year's plan.
4. The Chancellor's Office is responsible for the validation of the data base for each college. In addition, the Chancellor's Office is responsible for the review and reconciliation of submitted plans. However, the actual review and reconciliation will be performed by a staff/field review team (see Staff/Field Review Teams). Furthermore, the Chancellor's Office will prepare all statewide synthesis reports for the Legislature, other state executive agencies, and the colleges.

The Chancellor's Office will also take responsibility for identifying common problems among colleges so that additional funds can be obtained (see Program Changes) and new state objectives can be formulated.

5. Once reconciliation has occurred, plan implementation occurs.

B. *State Reactions And Reconciliation*

1. Each district must annually submit the required data and plan to be eligible for state funding.
2. A period of plan reconciliation is provided in the process to avoid problems between the district and the state prior to plan implementation. This is a better practice than permitting districts to take actions which will be disapproved at a later date.
3. If a district submits a plan that does not adequately address state objectives or if district practices are inconsistent with planned action, a reconciliation process needs to be initiated.
4. There will be five steps in the reconciliation process. The process will stop at whatever point results in problem resolution.

The steps are:

- a. notify district of problem;
- b. reconcile differences by relating state and local objectives or by altering the district's plans and practices;
- c. determine appropriate corrective actions through combined state and local efforts;
- d. review efforts and results of corrective measures at set points;
- e. notify local districts of problems through formal consultations with local board of trustees.

Where differences are not reconciled or corrective measures are unsuccessful, districts will not be eligible for increased funding for program changes through the budget process.

C. *Planning Process*

1. Each district is required to collect prescribed data elements and submits data to the Chancellor's Office.
2. Each district is required to review their operations in terms of existing processes, the data collected, and state objectives.
3. Based on this review, each district will develop a prioritized list of objectives which address specific problems facing the district, efforts which the district plans to maintain during the planning period, and reconciliation with state objectives. This forms the base for the district plan.

4. Relative to each identified problem, a strategy for solving the problem will be developed (specific action statements), a budget for implementing the strategy, and criteria for evaluating success of strategy to solve stated problem.

*Note that the plan only deals with the problems identified by the district and not the entire list of master planning questions. However, a district is responsible for having reviewed the entire list and is "auditable" in terms of demonstrating to the state why certain areas were not included in the plan. This process avoids dealing with numerous areas that all agree are not problems. It also requires that the review team must independently review the data to determine the validity of the submitted plan.

5. The final part of the plan is an evaluation of last year's practices relative to last year's plan (and stated criteria).
6. The process will require an annual update of the plan and data submittal by the district. Components of the process (e.g. needs assessment) will only be conducted on a periodic basis.
7. Plan development by the district should involve participation by district constituents. These constituents should include students, faculty (representatives of faculty senate and bargaining units), classified staff, administrators, trustees and appropriate community advisory board members.
8. District plan development will begin following the Board of Governors' adoption of state objectives in December. Planning concepts could be developed by the forementioned constituents during a January intersession of the flexible calendar. Plan refinement occurs during the spring semester. A supplementary planning session may be needed in June if the Legislature introduces new priorities during the spring. Plan completion will occur during the summer with adoption by the local board of trustees by September.

D. *Staff/Field Review Teams*

1. Plan review and reconciliation of plan with state objectives will be performed by a review team composed of Chancellor's Office staff and community college staff with varying types of expertise.
2. Such a review process should avoid creating a large centralized bureaucracy and avoid increasing Chancellor's Office staff costs as a result of implementing the accountability process.
3. The quality of the review should be increased due to the ability to draw on a variety of people with different types of expertise.
4. The process should improve state/local relationships particularly as it relates to accountability.

E. *Master Planning Questions*

1. Mission and Function

Do district priorities correlate with state objectives?
Do priorities reflect community needs?

- a. population trends - size, age, sex, socioeconomic status,
ethnic background, educational background,
linguistic background, handicapped,
mobility, birth rate.
- b. economic trends - Manpower needs, consumer needs, employment/
unemployment, local resources, cost-of-
living.
- c. civic trends - voting records, survival skills.
- d. cultural and recreational trends
- e. educational trends

Are priorities attainable?

2. Population

Do priorities reflect the needs of existing population?

Are priorities developed to meet the projected population in size,
distribution and composition?

3. Enrollment

Are projected enrollments consistent with population trends?

How do enrollments per eligible resident compare with neighboring
districts, similar districts, and state averages?

Are some groups under-represented? Age? Sex? Economic?
Geographic?

4. Programs

Are program offerings and projections consistent with

Priorities? District? State?
Community needs?
Manpower data?
Demographic data?
Enrollment data?
Socio-economic data?

Is there demonstrated need to

Add new programs?
Revise programs?
Delete existing programs?

Do program priorities

- Respond to funding patterns?
- Recognize legal constraints?
- Recognize regional needs and opportunities?

Are program outputs consistent with program enrollments?
Do program outputs correlate with program objectives?

5. Support Services
(same as above)

6. Staffing

Are staffing patterns and projections consistent with programs and priorities?

Do projections recognize legal and fiscal constraints?

Do projections reflect existing age, sex discipline and ethnic background of existing staff?

7. Facilities

What areas of under utilization and excess utilization exist?

- a. Current practices
- b. Forecasted facility requirements

8. Financial

What cost inefficiencies or abnormalities exist?

What funding gaps are anticipated?

How will new programs and services be funded?

9. Interinstitutional Coordination

Where do service overlaps exist?

What service deficiencies exist (quality, cost) relative to other institutions?

F. Data

1. Population forecasts for service area (see mission and function questions for type of data).
2. Community needs assessment (including those currently served).
3. Enrollments - historical program enrollments and forecasted enrollments.

4. Cost analysis - comparative data per workload measure by CID code number
5. Staff analysis
 - faculty load study
 - full-time/part-time
 - support services
 - classified staff
 - management personnel
6. Follow-up
 - transfer
 - SAMS
 - licensee
 - course completion
 - program completion
7. Facility utilization study
8. Program inventory and audit
9. Data for categorical funding

G. *Report Format*

1. Assumptions
2. Problems
3. Objectives (in priority list) - general in terms of maintenance of effort and specific in terms of change.
4. Strategies (for each objective)
5. Budget (for each objective)
6. Evaluation criteria (for each objective)
7. Evaluation of previous plan.
8. Data

H. *Program Changes*

1. Plan requires each district to develop specific plans for all program changes involving new funds.
2. District funding requests will be reviewed and, where appropriate, amalgamated into a request for inclusion in the Governor's budget.
3. Program changes will proceed through a normal budget review process.
4. The program change funding element provides districts with a positive incentive to complete the process.

I. Compliance

1. Maintain categorical funding requirements.
2. Require periodic reporting of workload measures involved in the state funding support techniques. Each district will be eligible for an audit of their workload report by the Chancellor's Office.
3. Efforts relative to state objectives will be accounted for through the accountability process.
4. Reduce in number the remaining Education Code and Title 5 provisions. Compliance with existing provisions will be handled by an annual district sign-off process. Each district will be eligible for an audit of their compliance (under precise published guidelines) by the Chancellor's Office.

J. Benefits Of Process

1. Creates viable planning documents for districts.
2. Avoids excessive justification for non-problem areas.
3. Permits state to know planned efforts of each district.
4. permits state to have assurances that local problems are being addressed as well as state objectives.
5. Permits state to interact with local districts in terms of problem priorities without being involved in operating decisions which can best be made at local levels.
6. Permits maximum variation between districts while insuring that common problems are addressed.
7. Permits Chancellor's Office to respond to the Legislature and other state executive agencies.
8. Permits the state to identify common problems and formulate new state objectives.
9. Is directed toward problem solution rather than input control.
10. Permits state to address interdistrict and regional concerns.

Accreditation And The Proposed Planning Process

The proposed planning and accountability process provides information essential to both state and local decisionmaking. Regional accreditation has as its primary purpose the certification to other educational institutions and to the general public that an institution meets established criteria or standards. Its self-study and peer evaluation procedures utilize assessment and planning techniques similar to those proposed for the state process. Thus, the proposed process and the voluntary accreditation process, though serving different purposes, need to be carefully coordinated in order to avoid imposing a duplicate burden on districts.

APPENDIX C

CALENDAR AND COURSE SCHEDULING

The following is a discussion of specific staff recommendations on calendar and course scheduling as part of the long-term finance plan along with a brief review of the flexible calendar pilot experiment. A more complete report on the pilot project will be available later this spring.

These proposals make explicit desired calendar flexibility and provide for conducting courses and terms or sessions for any length, at any time of day or week during the year. A college district might choose to operate year-round so long as it meets other requirements of these recommendations. The basic controls for accountability are the work year, the unit of credit, unit of student workload measurement, and the proposed planning and accountability process.

RECOMMENDATIONS

1. *Retain the 175-day academic year, but with 160-day instructional year minimum.*

This recommendation would make no change in the minimum length of the academic year, currently 175 days. Rather, it allows for the possible rearrangement of staff activities, concentrating somewhat less on in-class activity and somewhat more upon equally important instructional time to conduct a number of critical, but as staff development and inservice training, course, curriculum and learning resource development, evaluations, student advising, accountability/planning process participation, and necessary meetings, conferences and workshops. At present, all such activities are limited because of the requirement that at least 175 days, or 35 weeks of the college year, be devoted to classroom instruction and examination.

The 160-day or 32 week minimum for instruction and examination corresponds to that commonly employed in lower division postsecondary education institutions across the country. This period of time also corresponds to the length of credit hour basis now in law. For years, colleges had scheduled instruction and examination for a minimum of 169 days, until a recent Attorney General's opinion increased that minimum to 175 days.

The instructional year minimum may be exceeded by those courses, typically in certain occupational specialties and adult and continuing education, that require longer periods of completion. This recommendation has the effect of making practical and feasible such calendars as the early semester, 4-1-4, and other modular terms or sessions. Totally flexible calendars are permitted.

Under this proposal, observance of holidays would be determined by district governing boards. This increases flexibility and, in particular, facilitates the conduct of the early fall semester, ending prior to Christmas break. Very likely, observance of holidays by colleges could be patterned after other institutions of postsecondary education, rather than after secondary schools as now required by code.

2. *Implement student census based on course length, rather than term length.*

Enrollment in credit courses should be measured by a census of active enrollment on the day nearest one-fifth and three-fifths of the way through the length of the course. The one-fifth, three-fifths mechanism also appears useful for recording enrollments in short-term and noncredit courses. This mechanism can replace the current cumbersome procedure of positive attendance in such courses. The census dates for these courses vary with the length and starting date of the course.

Examples, assuming instruction begins on Monday:

- (a) Under an 80-day, semester-length calendar, first census would be taken on the 16th day, or Monday of the fourth week, similar to present practice. Second census would be on the 48th day, or Wednesday of the 10th week.
- (b) Under an 8-week, 40-day session, census would be taken on the 8th day or Wednesday of the second week, rather than Monday of the second week under present practice. Second census would be on the 24th day.
- (c) Under a 20-day, "modular-length" term calendar, first census would be taken on the 4th day, or Thursday of the first week. Second census would occur on Tuesday of the third week, the 12th day of the course.

This recommendation provides for a flexible census in all courses and is applicable to terms of any length. As noted, it is similar to present practice in the semester colleges. However, it would appear to be more equitable for the quarter system colleges that now face a census that occurs one-third rather than one-fifth of the way through the normal term.

3. *Provide for variable length terms within the academic calendar, rather than the equivalent length terms as at present.*

The Education Code is silent or ambiguous regarding the community college calendar. An academic year for a college district is defined as a minimum of 175 days of "regular day school." A regular day school day is not defined as to either its length or character. Further, the 175 days exceeds by about two weeks the time required to conduct two 16-week semesters, the standard upon which a "credit hour of community college work" has been defined.

Statutes do refer to quarters or "tri-semester" and imply authority for courses of instruction of varying lengths. However, only the length and character of the quarter system are specified explicitly.

More flexible provisions for the scheduling of college calendars would allow for more innovative and effective design of instructional programs. Rather than being tied to a traditional term or academic year, the length and concentration of instructional courses could vary according to need, subject content, instructional technique, and other relevant factors. In this way, community colleges could respond more effectively to changing educational needs and preferences of individuals in communities served.

4. *Encourage year-round operation, including summer sessions.*

Possible academic calendar variations have significant implications for utilization and allocation of college resources. Extended calendars, such as year-round operation and more, but shorter, terms could level peak student course demand, possibly reducing total physical plant requirements over the long term. Shorter or concentrated calendars could allow colleges to cease operations during one or more break periods during the year with possible implications for energy conservation.

5. *Support the proposed accountability process and expand development of staff, curriculum, and instructional techniques in part by implementing the change of instructional year minimum from 175 to 160 days.*

Perhaps the most important aspect of the flexible calendar is the opportunity provided for staff development. The pilot districts designed far more staff development activities than in previous years. Faculty and administrators are generally enthusiastic about the opportunities afforded by the pilot program.

The most frequent use of the "flexible day" opportunities include: course revision and updating, development of new instructional materials, field visitations, new program development, short-term instructional intersessions, exploring alternative instructional methods, and inservice workshops. These activities have fostered improved faculty communication within department/division and, to a lesser extent, between departments/divisions.

PILOT EXPERIENCE

Background

The Flexible Calendar program was authorized in legislation sponsored by the Board of Governors (AB 2232, Vasconcellos, 1975). Later legislation extended the pilot project (AB 1173, Vasconcellos, 1977) through June 30, 1980. The purpose of the pilot effort was to provide more flexibility in developing academic calendars and course scheduling practices, and to provide time for staff and curriculum development not readily available to colleges under existing statutes.

In order to accomplish these objectives, the legislation allowed the Board of Governors to waive certain Education Code provisions for six pilot districts: El Camino, Grossmont, Saddleback, San Jose, Los Rios, and West Kern. Cabrillo District was included in the extension as a seventh pilot district. The legislation shortened the required instructional calendar from 175 days of instruction to 160 days. The 175-day academic year was retained, however, thus allowing up to 15 "flexible days" for course

and program development and revision, staff development activities, development of new instructional materials, and other instruction-related activities. El Camino chose a 165-day instructional period with 10 flexible days, Cosumnes River College (Los Rios) adopted a 4-1-4 "intersession" calendar similar to that at Cabrillo, and the others adopted 160-day, early semester calendars with varying configurations for the 15 "flexible" days.

All but one of the pilot districts, continued the pilot program into the 1978-79 academic year. El Camino College withdrew from the pilot program and returned to the traditional semester calendar this fall. The Flexible Calendar program has been extended through June 30, 1980. This extension allows for one more year of the project. The San Jose board of trustees recently voted not to continue the calendar experiment into 1979-80. All others plan to continue.

Shortened Instructional Year

There was little need to drastically revise course content in order to accommodate the sixteen-week early semester calendars adopted by the pilot districts. Colleges shifting from a quarter system to the early semester system experienced the most drastic need for course revision. The major impact of necessary course revision, however, will likely be limited to the first year of calendar change. Subsequent course revision may be undertaken during the "flexible days" of the pilot program.

A majority of participating students and faculty indicate that the sixteen-week semester provides adequate time to complete course objectives. The greatest concern with reducing the number of instructional days is expressed by faculty in science disciplines and certain occupational areas. Problems of reduced course time can occur due to holiday observances. Careful attention to holidays during course scheduling may help to mitigate this problem. In some instances holiday observances may need to be changed.

Most faculty indicate that student achievement in their courses is not adversely affected by the shortened instructional year. No significant reduction is noticed in the grades attained by students during the pilot period when compared to historical grade distribution data at the pilot colleges.

The impact of the shortened instructional year on student persistence is positive. There is no measurable difference in persistence compared to historical data of the former traditional semester. However, pilot program data indicate persistence increases as term length decreases. Those classes presented in four and eight-week modules experienced much persistence rates than full-time courses.

Early Semester Calendar

All pilot colleges adopted some version of the early semester calendar in which the fall semester ends before Christmas vacation. Under this calendar, colleges must start in late August or the first week in September in order to schedule a full semester before the Christmas break. For colleges still operating on the 175-instructional day schedule, the starting date for an early semester calendar must be pushed back to mid-August.

Most of the pilot colleges are satisfied with the early semester calendar. The biggest advantage of this calendar, expressed by students, faculty, and administrators, is ending the fall semester before Christmas vacation. This eliminates the two to three-week "lame-duck" period of the traditional semester calendar which occurs in January.

The early starting date for the fall term may cause problems in some areas. Of particular concern is the impact on college students with school-age children. Colleges adopting an early start calendar are encouraged to provide special child care services for the first few weeks of the fall semester until public schools are in session.

Colleges adopting an early start calendar can expect a large number of late registrations during the first year of calendar change. This concern with the early start calendar appears to lessen over time, as students and college employees become acclimated to the August starting date.

Some administrators have expressed concern over the possible loss of student enrollment due to the early starting date. An analysis of fall enrollment data does not substantiate this concern. Three-year changes in fall enrollment in pilot colleges, control colleges, and statewide, are virtually identical.

Administrative comments indicate that the early semester calendar makes articulation difficult for mid-year high school graduates. Pilot colleges tried several approaches in order to ease this problem. By scheduling vacation and the "flexible days" in January, it is possible to begin the spring semester after mid-year high school graduation. This makes a six-week "break" between semesters. This break period is generally well received by students, although some students feel it to be too long. Another approach is to institute a special concurrent registration period for high school sessions in order for them to complete the high school fall term and begin the first semester of college work at the same time. Finally, some high school mid-year graduates are allowed to register late for the spring semester. Colleges planning calendar change need to consider the calendars of feeder high schools in developing their academic calendars.

The impact of the early semester calendar on student articulation to four-year institutions is far more positive. Administrators respond that the early semester calendar has improved student articulation to four-year institutions. A number of State University and Colleges have adopted an early semester calendar. The early semester also allows mid-year transfers to quarter calendar colleges and universities to complete two quarters at the transfer institution during the year. Under the traditional semester calendar only one quarter may be completed by mid-year transfers.

Use of "Flexible Days"

The legislation authorizing the Flexible Calendar Pilot Program provides for a 175-day academic year, with a minimum 160-day instructional year. The 15-day differential is utilized by the college for a variety of activities. As a result of the reduced number of instructional days there is time to conduct a number of critical activities directly related to instruction. These activities, severely constrained by the traditional 175-day instructional calendar include (a) staff development and inservice training, (b) course, curriculum and learning resources development, (c) course and program evaluation, (d) student advising, (e) meeting, conferences, and workshops, and (f) accountability/planning process.

Each pilot district documented what faculty intended to accomplish during the "flexible days." Pilot districts have used common categories for reporting proposed "flexible day" activities. Ultimately, districts reported precisely what occurred, who participated, and an assessment of faculty and administration perceptions concerning the benefits of the "flexible day" activities.

The following kinds of activities indicate possible uses of the "flexible days" during the flexible calendar pilot project. These do not constitute the entirety of planned activities, but give an indication of the diversity of activities possible:

- (1) course instruction and examination
- (2) faculty development and inservice training
- (3) course and curriculum development
- (4) department, division, and college meetings, conferences, and workshops
- (5) institutional research
- (6) grant writing
- (7) course and program evaluation
- (8) student advisement, counseling, orientation
- (9) field trips, site visitations
- (10) learning resource materials development
- (11) assessment of community needs and preferences
- (12) institutional research
- (13) innovative instructional intersession

Activities range from instructional intersessions to indepth research of course subject matter. All of the pilot colleges offer staff development workshops. Seminars on the nontraditional student, cultural awareness, sex stereotyping, lifelong learning concepts and the college role in the community are presented. Faculty train to increase teaching skills and update modes of instruction. Opportunities are made readily available for full participation by staff in institutional review and planning. Most individual projects addressed curriculum review, update and revision.

Use of the "flexible days" for a short-term instructional "intersession" has been successful at Cosumnes River and Cabrillo Colleges. These intersessions allow regular students to accelerate their instructional program as well as to attract new student clientele to the institution on a short-term basis. Although most students attending intersession also have attended during the regular term, courses scheduled during intersession are often not found in the regular semester curriculum.

APPENDIX D
COMMUNITY COLLEGE SIZE

SUMMARY

Planning for more effective use of community colleges' human and physical resources inevitably leads to the question "what is an effective or optimum sized campus?" The few studies of this question have not produced a definitive answer. And, it is doubtful that a definitive answer will be forthcoming, particularly for community colleges. The question these institutions face is "how to best deliver education (using a variety of techniques including outreach centers and community resources along with the traditional campus) to serve the unique local needs of their diverse communities?" The answer depends upon local conditions. However, some guidelines are useful for planning.

Community colleges should be at least of a minimum size sufficient to provide adequate quality and diversity in their programs and services. However, at some point in a college's growth, further diversity is unnecessary, further growth may detract from quality, and size (and possibly location) restricts the college's accessibility. Likewise, costs per student decline as a college grows (economies of scale). At some point, due to course sectioning and staff facility duplication, costs per student stabilize and may even increase once the college grows beyond a certain enrollment (diseconomies of scale).

Thus, there is probably an "optimum range" of enrollments within which community colleges should operate, noting special local circumstances and giving full consideration to all feasible ways of providing educational services. More study is needed to define this range. However, a viable minimum would appear to be around 5,000 headcount enrollment. Smaller colleges may be needed to afford access to special populations such as the geographically isolated. If so, extra financial support will be required if these colleges are to offer quality programs that are sufficiently diverse as to meet the needs of their students. An upper limit to college size is more difficult to determine. It's doubtful, however, that as a general rule, community colleges should be planned to exceed 15,000 to 20,000 headcount enrollment. Where circumstances require large institutions, steps need to be taken to organize, finance, and design instruction and supporting services so that quality does not decline and student access is not impeded.

BACKGROUND

Community college district plans for the delivery of educational services are (or should be) dictated largely by unique local conditions. Only certain options are feasible depending upon local demographics, geography, and preferences of individuals in the community.

Some common guidelines, however, are available to districts as they go about their planning. California Community College Board of Governors' goals speak of

"Equal opportunity for access to quality Community College education for all eligible individuals in California..."

"Diversity of programs, instructional methods, and services to meet the needs of society and preferences of individuals...throughout California."

"Effective use of human and physical resources."

These goals provide general criteria to analyze the benefits and costs of different ways to meet local needs. This is a continuing problem. Even with the moderate growth expected over the next decade, California Community Colleges may enroll an estimated additional 500,000 students annually by 2,000. This is the equivalent of 50 new colleges at today's average enrollment.

How will this growth be accommodated? Should existing colleges simply be expanded, new college campuses or centers established, or new techniques of delivering instruction developed and implemented? The answer, of course, is some combination of all these options.

The specific combination should be determined locally according to state and local goals. Particularly important is the question of the ideal or optimum college size. How large can (and should) campuses and centers be to most effectively deliver education to the greatest number?

There are now 106 public community colleges and nearly 3,000 outreach centers in California. While most of these centers are small, many offering just one or two classes, the average college is around 10,000 headcount enrollment (twice the average size of community colleges elsewhere in the United States). Chancellor's Office studies and others noted below indicate that the cost advantage or scale economies of increased enrollment are not significant beyond 5,000 headcount enrollment. If educational benefits are unrelated to the size of college or if, as some argue, benefits decrease beyond a certain size, it often may be counter-productive to grow beyond 15,000 enrollment as have a fourth of California's Community Colleges.

The Board of Governors' 1977-82 Five Year Plan (1977) discussed this problem and concluded with the following directions:

"Future Community College units should be generally smaller than the present mode and more widely dispersed throughout the communities served. Development of new college campuses is discouraged, except for the several areas of the state where significant population growth is expected."

"District planners are encouraged to supplement the traditional college campus with even greater emphasis on the use of outreach centers, utilizing existing community resources."

"...and to supplement the traditional classroom lecture-laboratory instructional mode with greater use of instructional technologies such as television, radio, computers, newspapers and other media."

Earlier studies reveal a wide range of recommendations on appropriate community college size. Recommended minimum and maximum sizes of 400 to 6,000 full-time enrollment (3,500 optimum) in the California Master Plan for Higher Education (1960) were reviewed by an ad hoc technical committee of the Coordinating Council for Higher Education in 1964. This committee found no evidence on program quality or cost to support an optimum college size. The committee did, however, recommend maximum ranges for campuses as "appropriate." For community colleges this maximum range was 5,000 to 7,500 full-time enrollment, the latter "to be modified upward in densely populated areas at the discretion of the local governing boards."

The 7,500 figure was amended further and recalculated in terms of day graded students in a subsequent Coordinating Council study (1969). The following recommended minimum and maximum college sizes were to be exceeded only in exceptional circumstances:

Minimum:	1,233 day graded students
Maximum:	10,275 day graded students

The Carnegie Commission recommended a more restricted range (1970). After considering staff studies, the Commission indicated that:

"...for the sake of quality program, economy of operation, and easy availability, state plans should provide for community colleges generally ranging in size from about 2,000 to 5,000 daytime students, except in sparsely populated areas where institutions may have to be somewhat smaller, and in very large cities, where they may have to be somewhat larger."

Under today's conditions these ranges would approximate, in the typical California Community College, the following ADA and headcount enrollment during both day and evening:

day graded students	ADA day and evening	Headcount Enrollment day and evening
1,233	1,500	2,500
2,000	2,500	4,000
5,000	6,300	10,000
10,275	13,000	20,000

Examining criteria for selecting four-year college and university sizes, Guthrie and Long (1973) note that large size per se does not guarantee economic efficiency or academic excellence. "But there does appear to be an optimum range of size between 5,000 and 15,000 (students) that most collegians agree is best." The authors argue that optimum sizes should first be determined for departments or disciplines then summed to derive a campus total.

General criteria for assessing the effects of size are benefits (including quality) and costs.

BENEFITS

Review of the relationship of educational benefits to community college size may be initiated by three major questions. How accessible are college programs and services? Once accessible, are programs and services sufficiently diverse as to meet the needs of individuals? Are these services of appropriate quality?

More numerous and, therefore, smaller and closer community college centers enhance access for individuals. Indeed, this has been the basic philosophy of delivery for the community-based community college. Some states, including California, have sought to provide a community college within commuting distance of most residents. Martyn (1969) and others have identified barriers to access generally as (a) financial, (b) individual, (c) institutional, and (d) geographic. Given individual characteristics such as ability, prior education, and family background, there's little doubt that geography and finance have major impact on access. As the cost and time needed to attend increase, individuals (particularly those who work part or full time -- as do many community college students) become less able to attend. It's likely also that the larger institution presents individuals with a more formidable array of "red tape" to apply, register, and schedule courses and, therefore, is less accessible for many than is the smaller institution.

Empirical studies (many of which are reviewed in Miller and Radner, 1975) all confirm the importance of the individual's ability, prior education, and parents' background along with cost in determining the college-going choice. As cost increases, college attendance decreases. Cost includes foregone income as well as the direct out-of-pocket costs for tuition and fees, books, housing (in some cases), and transportation. When colleges are more distant, individuals face higher transportation costs, possibly increased housing expenditures, and have less time to work, thereby foregoing more income. All of this increases the cost facing an individual.

There are dramatic differences in the set of programs, courses, and supporting services offered by different community colleges in California. This diversity reflects efforts by colleges to respond to differing community needs. Aside from community differences, other factors (including college size) are known to affect the character of a college's programs and services.

Data reported for California Community Colleges in 1963 showed that large colleges (the upper quartile in size) offered instruction in an average of 54 subject fields while the small colleges (lower quartile in size) averaged only 33 different fields (Coordination Council for Higher Education, 1969). Large colleges offered five times the number of different courses offered by the small colleges. The major differences existed in the trade-technical and business area; little difference was observed among the colleges in the liberal arts.

Such data cannot suggest the appropriate number of fields or courses that ought to be taught by a community college. They do, however, demonstrate that larger colleges offer a more diverse set of programs and courses than do small colleges. More recent data need to be analyzed, however, to determine the approximate size at which a college can feasibly offer a program and course schedule that is adequate for the individuals within its service area.

Diversity also encompasses efforts to design programs and delivery methods for the differing needs of individual learners. Such efforts appear to have little to do with college size. Rather, existing California law restricts options and provides little incentive for development of new calendar or course scheduling methods, techniques such as self-paced mastery learning included under the rubric of individualized instruction, and use of appropriate technologies, such as television, computers, and the like. These differing delivery techniques are often feasible supplements or alternatives to the traditional classroom approach on either large or small campuses.

Access and diversity are meaningless goals if quality is sacrificed. While the literature is not totally conclusive, there does appear to be a relationship between quality and size.

It is argued that faculty and peer contact (in and out of class) are most important in the student's learning experience (Bowen, 1978; Chickering, 1969; and Sanford, 1962). Such contact is more difficult in the "very large institution" than on smaller campuses (Carnegie Commission, 1971). Alienation or lacking a "sense of belonging" appear to be more prevalent characteristics among students on large campuses than on smaller campuses. The very large campus is also more difficult to administer (Carnegie Commission, 1971).

Guthrie and Long (1973) contend there are certain "peril points" in campus growth. Such points include a) physical size (more than 15 minutes walking time between buildings), b) traffic (parking requiring more than 10% of campus acreage), c) enlarging utility plants, d) land use (more than 40 students per acre), e) delays in administrative processing, and f) campus population approaching 10% of community resources. Beyond these points, students are subject to dysfunctional "social pathologies," educational benefits may decline, and campus size needs to be reevaluated.

Bernstein (1976) argues for the notion of "diseconomies of scale" where institutions become too big, the qualitative college experience suffers, and a student's ability to learn and grow is limited. Ten points are said to describe the situation when an institution may have become too big. While offering no minimum or maximum figures for institutional size, Bernstein suggests that "...an institution with more than 10,000 students would probably have difficulty fulfilling all points."

The student/faculty ratio is often used as a proxy index for quality. Determining such ratios are student and faculty course loads and course or section sizes. Neither student course load preferences nor faculty course load policies appear related to size of college. Class sizes are determined by (a) course and sectioning policies, (b) type and method of instruction (second year occupational labs typically are smaller than first year humanities lectures), and (c) the number of students enrolled. The latter factor is most significant. Even though larger colleges have more classes than small colleges, they (larger colleges) also have larger average classes.

Evidence of the impact of class size on the quality of instruction is ambiguous. After an extensive review of the then-available literature, Wilkinson (1958) observed that class size has little if any effect on student performance in objective examinations to determine knowledge of facts. However, most class-size studies were univariate, allowing important variables such as teaching method to vary, and there was seldom agreement on class objectives. Most agreed, without evidence, that large classes detracted from developing important intangibles in students such as attitude, motivation, and ability to learn.

McKeachie (1962) concludes that larger classes do not appear to detract from cognitive learning, but both students and faculty prefer smaller classes. Smaller classes provide for a larger choice of teaching methods and for greater student participation; the individualized instruction or other faculty-student interaction necessary to enhance affective learning is restricted if classes are too large (Feldman and Newcomb, 1969).

The relationship between average class size and college size is nonlinear; that is, classes are established and filled until, at some point, they are broken into two or more sections. After many courses are sectioned, class sizes tend to stabilize regardless of further enrollment growth. There is evidence that many very large, but inadequately financed, institutions keep costs down by allowing class sizes to grow unchecked (Bowen and Douglas, 1971). Ideally, a college is sufficiently large that it may offer some very large classes (where the lecture method will suffice) along with those classes that must be small enough to allow discussion or other faculty-student interaction, as suggested by Ruml (1959) nearly two decades ago.

COST

Most aspects of community college operations, including teaching and support such as college management, facility maintenance, and capital costs, appear subject to increasing economies of scale; i.e., costs per student decrease as the number of students increases.

Empirical proof of this proposition is difficult. To talk of decreasing unit costs, one must assume the quality and diversity of student units are equivalent, regardless of college size. If small colleges operate economically only by restricting programs to less than that offered by larger colleges, then scale economies do exist. However, if this is the practice, empirical examination will be conclusive only if the many interrelated variables are

examined simultaneously (in what is known as a multi-variable analysis). The same is true in the case of very large colleges where possible diseconomies of scale would make it difficult for the institution to grow without being subject to increasing unit costs per student.

While both capital and operating costs are important, it should be noted that the former amounts to less than one-fifth the magnitude of the latter. Capital cost differences due to different sized college operations are an obvious, but minor consideration.

The best comparison for capital costs is between alternatives: one where all enrollment is housed in one large campus; the other where enrollment is housed in two or more smaller campuses.

The costs of master planning, land acquisition, site development, and basic utilities are added when a new campus is initiated. These outlays are unnecessary if an existing campus is expanded without need to acquire new land. These added expenditures may be significant.

There are, in addition, certain physical facilities which would serve for a single campus of, say, 10,000 students but which would need to be duplicated if the same group of students were split between two campuses. Such buildings as the gym, theatre and auditorium, student center, and corporation yard normally exist in some form regardless of campus enrollment. Library book collection facilities and faculty offices exhibit some of the same economies of scale as campuses become larger. The former is due to the need for a "core" collection regardless of enrollment. The latter is due, simply, to the larger student:faculty ratio on larger campuses.

Preliminary Chancellor's Office study indicates that the assignable square feet of building space per day graded student was less in larger colleges during Fall 1975 than in smaller colleges. This relationship declines up to 6,000 day graded college enrollment. Beyond this size there appears to be little or no relationship between space per student and the number of students.

Spending for the general administration, library, student services, and plant maintenance and operation does not increase proportionately with enrollment increases. For example, a college normally employs only one president, one dean of students, etc., regardless of the size of student enrollment. Other staffing in these areas is related only partially to enrollment changes.

Direct teaching costs also exhibit scale economies. Faculty salaries constitute the bulk of such costs. Therefore, the student-faculty ratio is quite important. The ratio itself is a function of the type and extent of course work undertaken by the student, average class size, and units of work expected of faculty. A large ratio results in low costs per student while a small ratio results in high costs per student. The ratio varies inversely with (1) the amount of course work taken by each student and varies directly with (2) faculty teaching load and (3) average class size.

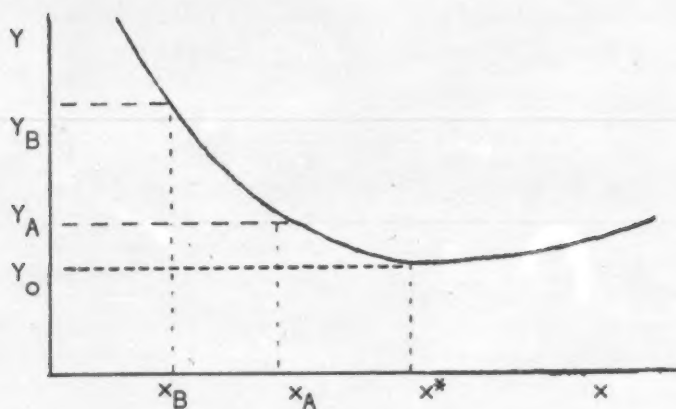
The average number of course units taken per student is generally similar in all districts and unrelated to college size. Faculty teaching workload is a policy determination of the local governing board and does not appear related in size. By contrast, the third variable, average class size, is related primarily to size of enrollment, although course and sectioning policies, type and method of instruction, and, in some instances, the physical sizes of rooms also influence class size. It is impossible for the small college to conduct an adequate curriculum and, at the same time, have an appreciable number of large classes.

As the operation grows in enrollment, however, classes are increased or filled and average class size increases. Thus, it is expected that, other things being equal, total operating costs per student will decrease as size increases, though not necessarily without limit.

The relationship of cost and size is shown graphically in Figure 1 where y (unit cost) is a negative function of x (college size) between $x=0$ and $x=x^*$. The larger institution (A) is less expensive per student than the smaller institution (B).

Figure 1

THEORETICAL RELATIONSHIP OF SIZE
AND OPERATING COST IN COMMUNITY COLLEGES



y = Operating cost per student

x = Size of institution

There may be a size, x^* , where average costs reach a minimum, Y_0 . Beyond this size, additional sections of numerous courses must be added as initial sections become too large and certain administrative and supporting units must be duplicated to maintain appropriate control over operations. The function $f(x)$ may, therefore, be positive for $x > x^*$, indicating diseconomies of scale or, increasing average cost as enrollment increases.

Regression equations may be used to determine the existing form of the cost-size relationship in California Community Colleges. The following equations were fitted to 1973-74 data for 68 college districts:

$$(1) y = a + bx$$

$$(2) y = a + b \log x$$

$$(3) y = ax^b \text{ or } \log y = a + b \log x$$

Where, y = average district revenue base per ada¹ and
 x = average college size (ADA) in each district.

Results are as follows:

	R^2	F	P	d	n
(1) $y = 1221.425 - 0.199x$ ($t = -2.82$)	.108	7.97	(.007)	NA	68
(2) $y = 2612.382 - 179.157 \log x$ ($t = -6.01$)	.354	36.13	(<.001)	0.563	68
(3) $\log y = 8.0890 - 0.1308 \log x$ ($t = -5.55$)	.318	30.80	(<.001)	0.499	68

The existence of scale economies is supported by the statistically significant fit of each equation.² The nonlinear functions (2) and (3) are clearly superior to the linear function (1), each explaining about one-third of the variation in cost per student among districts. Average costs per student decrease markedly as enrollment increases from 0 to about 3,000 ADA. Beyond that point, average costs appear unrelated to size.

The possible existence of scale diseconomies would be demonstrated by the parabolic form: $y = a + b_1x + b_2x^2$. This produces the theoretical U-shaped function shown in Figure 1 when $b_1 < 0$ and $b_2 > 0$. Preliminary work has failed to reveal the point at which diseconomies may occur in community college operations. Part of this is due to the need to analyze variables, other than size, that effect cost.

¹Revenue bases are accurate representations of expenditures or cost patterns in districts for the year under study.

²Relevant statistics are R^2 : coefficient of determination measuring the amount of "explained" cost variation, F: the F ratio measuring the significance of the equation, d: Durbin-Watson statistic signifying the possibility of serial correlation in the error term, and t: t-test giving significance level for testing the hypothesis that each regression coefficient (b) is 0.

There is little doubt that factors other than size contribute to variation in average costs among districts. The values for d (Durbin-Watson statistic) are significant in (2) and (3) indicating the importance of certain omitted variables. Another model is thus suggested:

$$Y = X B + e,$$

Where, Y and X are $n \times 1$ and $n \times k$ matrices for n observations of the dependent cost variable, and k-1 independent variables such as size, wealth, program character, etc.; B is the column vector of regression estimates; and e the column vector of estimate residuals.

Regressions (4) and (5) on Community College data for 1973-74 indicate that size and district wealth are both significant determinants of variation in district cost per student:

			R^2	F	P	d	n
(4)	$y = 1363.043 + 0.0027 x_1 - 91.5404 \log x_2$		.572	43.36	(<.001)	1.335	68
	(+5.75) (+-3.17)						
(5)	$y = 1354.146 + 0.0029 x_1 - 66.8918 \log x_3$		.583	42.01	(<.001)	1.457	63
	(+6.53) (+-2.94)						

Where, y = district revenue base per ada,
 x_1 = district assessed value per ada,
 x_2 = average college size (ada) in district, and
 x_3 = district size (ada).

The addition of district wealth increases the explanation of district cost per student variation from about 1/3 to nearly 60 percent. The d (Durbin-Watson) statistics still indicate the existence of positive serial correlation in the error term: thus, omission of still other variables important in explaining cost variation. The d values have increased significantly over those in equations (2) and (3), however, and border on being inconclusive. Adding a variable for differences in the range and character of college curriculum programs and perhaps other variables would doubtless increase the explanatory ability of the above equations.

District cost per student is more closely related to average college size (Equation 4) in a district than to total district size (Equation 5). The small college in a multicollge district experiences the same higher-than-average costs as the small college in a single college district.

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APPENDIX E

INTERDISTRICT ATTENDANCE

Background

Historically, district boundaries for community colleges often have been more closely related to political subdivisions than to natural service or enrollment areas. As a result, some students have been restricted from attending a community college they wished to attend. In many cases, these artificial boundaries were removed through interdistrict agreements.

Where interdistrict agreements exist, colleges have developed relative to natural service areas. In areas where districts did not correct for service areas through interdistrict attendance agreements, districts have developed a physical plant and staff based on a constrained population. Attempts to relax attendance policies pose significant problems for these districts.

Passage of Proposition 13 and the resulting fiscal relief may have aggravated interdistrict attendance problems. Interdistrict cost agreements have declined by 17 percent, program agreements by 10 percent, and individual permits by 21 percent during the past year. However, statewide interdistrict ADA has only declined by 6 percent while the general ADA fell by more than 9 percent.

Changes in Policy

In an effort to solve the student mobility problems discussed earlier, two proposals were originally presented - closest college and free flow. These policies were discussed with field representatives, and a survey made of 26 districts known to be experiencing some degree of difficulty with existing interdistrict attendance agreements. Districts were not supportive of the closest college concept due to the administrative problems caused by the proposal and the fact that the proposal only changes (does not remove) the barriers. On the survey, only two districts favored the closest college concept. Therefore, the issue now appears to be free flow versus status quo.

Twenty-one districts responded to the written survey. Of those responding, 13 favor free flow, six favor the status quo, and two favor closest college. Six districts anticipated an impact on their ADA of greater than five percent (five with negative impact, one with positive impact). The remaining districts could not estimate the magnitude of the impact or indicated the impact would be five percent or less. Obviously, there is no way to document the potential impact and, in each case, it only represents the districts best guess. All five of the districts with a negative impact of over five percent favor retaining the status quo. Four of these five colleges prefer free flow over closest college, as a policy, if the status quo is not possible.

Enrollment Shifts

The concept of free flow really only applies to areas within commuting distance (adjacent districts) and not to the state as a whole. Currently, if a student in Santa Barbara wanted to attend a San Diego community college, the student would not commute, but rather, move and establish his or her own residence in San Diego and then be eligible to attend a San Diego College. Therefore, the issue of free flow essentially applies only to those who would attend a community college on a commuter basis while maintaining the same residence.

If current constraints are removed, student demand will change. Therefore, college enrollment shifts are possible. Unfortunately, it is not possible to predict the exact impact. It would not be advantageous to have some colleges emptied and other colleges experience huge enrollment increases (particularly in terms of prior capital investment). Therefore, initial enrollment shifts may need to be constrained through enrollment limitations by districts based on available facilities. Through this mechanism, future requests for physical plant expansion by some colleges, while other colleges have an under-utilized physical plant, can be avoided.

Community Investment

Some colleges expressed concern that free flow may result in some district residents not being able to enroll in the college created by that community's taxpayers. While current practices represent local financial participation on a county basis, practices prior to Proposition 13 represented local contributions on a district basis. Therefore, it may be argued, this historical community investment should be honored and district residents should be afforded an admissions priority.

Integration

Proponents of free flow argue that attendance boundaries create de facto segregation, particularly where district populations are homogeneous. If free flow was instituted, students could choose the college they wish to attend. Therefore, districts with homogeneous populations could attract other students and obtain a better ethnic and economic balance.

Opponents of free flow argue that removal of district boundaries would result in urban colleges losing non-minority students. That is, anglo students will tend to attend suburban colleges and urban colleges will be left with only minority students. In some multi-college districts, this movement is already possible due to their policy of free flow among the district colleges. For some rural areas, it is argued that the opposite will happen. That is, some rural colleges will lose their minority students to another college if students are allowed to attend the college of their choice. Consequently, integration in some areas is only possible through maintenance of mandatory attendance policies.

Competition

One effect of free flow is that colleges within close proximity will be placed on a competitive basis. Most colleges feel that the competition is healthy provided that certain concerns are addressed. One concern is that developing, or new, colleges should be permitted to become comprehensive so that they can compete on an equal basis with their neighbors. A second concern is that recruitment for students be based on good information. Third, "marketing" efforts should not result in a reduction of attention to local needs. If these concerns can be addressed, competition may provide an incentive to colleges to achieve excellence in education.

Free Choice for Adults

Since a situation now exists in California where the state is providing over 65% of the revenue, it appears logical that students should be permitted to attend any community college in California. Furthermore, the boundary structure borrowed from the K-12 system seems inappropriate given the fact that community college students are adults with the average age being over 25 years old.

Not only would the free flow approach solve the historic problem which frequently prohibited students from attending the college closest to their place of residence, but would also solve the problem that people are frequently unable to attend a college closest to their place of employment. Given that community colleges serve an adult population, attendance eligibility relative to a location of employment can be a significant problem.

College Mission

If a college suffered a significant enrollment decline as a result of free flow, it is possible that the college would have difficulty maintaining its mission as a comprehensive college. That is, the enrollment decline would cause a reduction in funding which in turn means that programs must be eliminated. With sufficient program eliminations, a college is no longer a comprehensive institution. The survey indicates that at least one college, Mt. San Jacinto College, might be in this position. Therefore, any policy introducing free flow should include steps to insure that all colleges are capable of providing a comprehensive program.

APPENDIX F

STUDENT FEES AND CHARGES

STUDENT FEE CATEGORY (Education Code Authorization)	No. of Districts Levying Any Fees or Charges FY 1977-78	Dollar Amount Of Average Fee Charged to A Student Prior to June 6, 1978	No. of Districts Levying Any Fees or Charges FY 1978-79	Dollar Amount Of Average Fee Charged to A Student After June 6, 1978	Changes		NOTES
					No. of Districts	Cost	
Insurance Benefit for Athletes (32221)	8	6.88/sem.	8	9.06/sem.	0	.27	1
Library Materials (72237)	6	0.67/stu.	6	0.67/stu.	0	0	2
Physical Education (72245)	13	8.98/stu.	15	9.21/stu.	2	.23	
Health Fees (72246)	41	4.89/stu.	45	5.38/stu.	4	.49	
Parking Fees (72247)	21	7.57/stu.	24	8.48/stu.	3	.91	
Transportation (72248)	3	3.67/stu.	4	2.76/stu.	1	(-).92	3
Program Changes (72250)	6	1.00/change	9	1.00/change	3	0	
Late Application (72251)	9	2.06/sem.	10	2.05/sem.	1	(-).01	
Field Trips (72640)	3	14.70/trip	4	22.31/trip	1	7.60	
Field Trip Insurance (72641)	1	3.00/sem.	1	10.00/sem.	0	7.00	
Nonresident Tuition (76140)	67	36.73/unit	67	42.35/unit	0	5.63	
Student Records (76223)	43	.92/record	44	1.00/record	1	.08	4
Medical/Hospital Service (76470)	4	1.91/sem.	4	1.88/sem.	0	(-).03	
Community Service Classes (78305)	30	10.10/class	45	14.56/class	15	4.46	5
Noncredit Classes (78462.5)	7	11.40/class	20	14.75/class	13	3.35	6
Child Development Centers (79121)	29	.55/hr.	29	.64/hr.	0	.09/hr.	7
Student Dorms (81670)	10	531/sem.	10	574/sem.	0	43/sem	
Transportation: Adult Students (82305.5)	0	-	0	-	0	-	
Student Activities	49	7.78/sem.	49	8.01/sem.	0	.23	
Instructional Materials	31	7.56/sem.	33	9.03/sem.	2	1.47	8
Other	7	3.18/sem.	8	4.16/sem.	1	.98	

1. 1 dropped - 1 added
2. No change
3. One district did not levy fee in 1977-78 but cancelled service in 1978-79. Another reduced fees. One added a fee per student ride.
4. One district cancelled fees; two added fees.

5. One cancelled services; sixteen added fees.
6. One cancelled service; fourteen added fees.
7. Two cancelled service (one of which had not charged fees); one added fees.
8. Two added fees; one is restudying this fee.